

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-336-C - ORDER NO. 97-265
MARCH 28, 1997

IN RE: Application of Chadwick Telecommuni-) ORDER
cations Corporation for a Certificate) APPROVING
of Public Convenience and Necessity) CERTIFICATE
to Provide Resold Interexchange) AND TRANSFER
Services and to Transfer Assets from) OF ASSETS
Keystone Telecommunications, Inc.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Chadwick Telecommunications Corp. ("Chadwick" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina and requesting approval of the transfer of assets from Keystone Telecommunications, Inc. ("Keystone"). The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996), S.C. Code Ann. §58-9-310 (Supp. 1996), and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Chadwick to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Chadwick's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Chadwick complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or letters of protest were received concerning Chadwick's Application.

A hearing was commenced on March 11, 1997, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. Chadwick was represented by Robert D. Coble, Esquire. Florence P. Belser, Staff Counsel, represented the Commission Staff.

John G. Englessen, Executive Vice President and Chief Operating Officer of Chadwick, appeared and offered testimony in support of Chadwick's Application. The record reveals that Chadwick is a privately-held Pennsylvania corporation and is authorized to transact business in South Carolina as a foreign corporation by the South Carolina Secretary of State. With regard to Chadwick's request for a Certificate of Public Convenience and Necessity to provide resold telecommunications services, Mr. Englessen explained the Company's request for authority. Mr. Englessen testified that Chadwick proposes to offer long distance services using resold transmission services of underlying carriers which are duly certified by the Commission. The record reveals the Company's services, operations and marketing procedures.

Mr. Englessen also explained that Chadwick possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Englessen testified that the Company would operate in accordance with the Commission rules, regulations, guidelines, and prior Commission Orders. Finally,

counsel for Chadwick stated that Chadwick agreed to make certain changes to its proposed tariff as suggested by the Commission Staff.

With regard to Chadwick's request for approval of the transfer of assets from Keystone, Mr. Englesson stated that Keystone and Chadwick had signed an Asset Purchase Agreement pursuant to which Chadwick would acquire selected assets from Keystone. The assets to be acquired by Chadwick include (1) customer accounts, including all contracts, arrangements and other understandings between Keystone and its customers; (2) all furniture, computer equipment, equipment other than computer equipment, machinery, motor vehicles, fixtures and other capital assets; (3) accounts receivable; and (4) all books, records, files, promotional materials and other documents relating to the business. Mr. Englesson stated that Keystone provided telecommunications services in twenty (20) states, including South Carolina. Further, Mr. Englesson stated that the transfer of assets would be made in a seamless fashion that would not adversely affect the provision of telecommunications services in South Carolina. Mr. Englesson testified that customers would be able to purchase the same services from Chadwick that they currently receive from Keystone as Chadwick's proposed tariff duplicates the service offerings, rates, terms and conditions currently filed in Keystone's tariff, and therefore, the customers would continue to receive the same services that they presently receive at the same rate levels.

Mr. Englesson also testified that Keystone had entered into a

non-competition agreement. Further, Mr. Englessen explained that Keystone would file a Petition for Cancellation of its Certificate of Public Convenience and Necessity once the transfer of assets is completed.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Chadwick is organized as a corporation under the laws of the State of Pennsylvania and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Chadwick operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Chadwick has the experience, capability, and financial resources to provide the services as described in its Application.

4. Keystone provides intrastate telecommunications services in South Carolina pursuant to operating authority granted by the Commission in Order No. 94-397 (dated May 3, 1994) in Docket No. 95-1118-C.

5. Pursuant to an Asset Purchase Agreement signed by Chadwick and Keystone, Chadwick will acquire selected assets from Keystone including (1) customer accounts, including all contracts, arrangements and other understandings between Keystone and its customers; (2) all furniture, computer equipment, equipment other

than computer equipment, machinery, motor vehicles, fixtures and other capital assets; (3) accounts receivable; and (4) all books, records, files, promotional materials and other documents relating to the business.

6. Keystone will cease to provide intrastate telecommunications services in South Carolina after the transfer of assets is completed.

CONCLUSIONS OF LAW

1. Based on the testimony and the findings of fact set forth above, the Commission concludes that the transfer of assets from Keystone to Chadwick is in the public interest, and therefore, the Commission approves the requested transfer of assets.

2. Based on the Commission's approval of the transfer of assets from Keystone to Chadwick and the Commission's finding that Keystone will cease to provide intrastate telecommunications services in South Carolina after the transfer of assets is complete, the Commission hereby cancels and revokes the Certificate of Public Convenience and Necessity issued to Keystone by Order No. 94-397 (dated May 3, 1994) in Docket No. 93-678-C.

3. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Chadwick to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale

by tariffs of carriers approved by the Commission.

4. The Commission adopts a rate design for Chadwick for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. Chadwick shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Chadwick shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1996).

6. If it has not already done so by the date of issuance of this Order, Chadwick shall file its revised maximum tariff and an accompanying price list within thirty (30) days of receipt of this

Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. Chadwick is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. Chadwick shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Chadwick changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, Chadwick shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

11. Chadwick shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

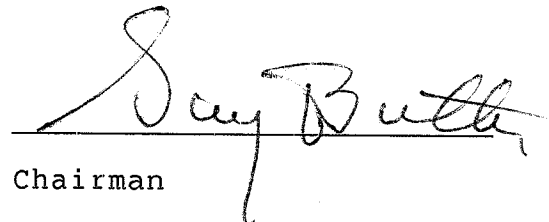
12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the

Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

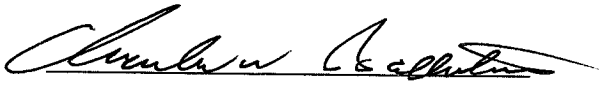
Chadwick shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME _____

FEI NO. _____

ADDRESS _____

CITY, STATE, ZIP CODE _____

PHONE NUMBER _____

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE _____

NAME (PLEASE TYPE OF PRINT) _____

TITLE _____

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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES:**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and
maintain with the Commission the name, title, address, and
telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230